REMARKS

I. Introduction

In response to the Office Action dated July 21, 2008, claims 11-12, 33-34 and 55-56 have been canceled, and claims 1, 23 and 45 have been amended. Claims 1-10, 13-32, 35-54 and 57-66 remain in the application. Re-examination and re-consideration of the application, as amended, is requested.

II. Double Patenting Rejections

In paragraph (2) of the Office Action, claims 1-4, 6, 23-26, 28, 45-48 and 50 were rejected under 35 U.S.C. §101 as claiming the same invention as that of claims 1-5, 16-20 and 31-35 of co-pending Application No. 10/644,422.

Applicant's attorney has amended claims 1, 23 and 45 to overcome these rejections.

III. Prior Art Rejections

The Office Action includes the following rejections:

- In paragraph (3) of the Office Action, claims 1-4, 7-8, 10, 13, 22-26, 29-30, 32, 35, 44-48, 51-52, 54, 57 and 66 were rejected under 35 U.S.C. §103(a) as being obvious in view of the combination of Johnson et al., U.S. Patent No. 7,082,411 (Johnson) and Sulkowski et al., U.S. Patent Publication No. 2004/0039688 (Sulkowski).
- In paragraph (4) of the Office Action, claims 6, 28 and 50 were rejected under 35 U.S.C. §103(a) as being obvious in view of the combination of Johnson, Sulkowski and Atkins, U.S. Patent No. 5,852,811 (Atkins).
- In paragraph (5) of the Office Action, claims 5, 14-15, 27, 36-37, 49 and 58-59 were rejected under 35 U.S.C. §103(a) as being obvious in view of the combination of Johnson, Sulkowski and Kuhlemeyer, "Fundamentals of Financial Management" (Kuhlemeyer).
- In paragraph (6) of the Office Action, claims 9, 11-12, 16-18, 20, 31, 33-34, 38-40, 42, 53, 55-56, 60-62 and 64 were rejected under 35 U.S.C. §103(a) as being obvious in view of the combination of Johnson, Sulkowsi and Sandretto, U.S. Patent No. 5,812,988 (Sandretto).

- In paragraph (7) of the Office Action, claims 19, 41 and 63 were rejected under 35 U.S.C. §103(a) as being obvious in view of the combination of Johnson, Sulkowski, Sandretto and Microsoft Office Excel 2003 (Microsoft).
- In paragraph (8) of the Office Action, claims 21, 43 and 65 were rejected under 35 U.S.C. §103(a) as being obvious in view of the combination of Johnson, Sulkowski, Microsoft and Kuhlemeyer.

Applicant's attorney respectfully traverses these rejections.

Independent claims 1, 23 and 45 are generally directed to performing financial processing in a computer. Claim 1 is representative and is directed to a method of performing financial processing in one or more computers, comprising: (a) selecting accounts, amounts and rates from account data stored in a database using selection criteria specified by one or more rules; and (b) performing one or more Net Present Value (NPV) and one or more Future Value (FV) calculations on the selected accounts according to the rules using the selected amounts and rates, wherein: (1) the step of performing the NPV calculations comprises performing forecast calculations on the selected accounts, applying attrition rates to results of the forecast calculations, and aggregating results of the attrition rates; and (2) the step of performing the FV calculations comprises performing propensity calculations on the selected accounts and applying attrition rates to results of the propensity calculations; (c) wherein results from the NPV and FV calculations are integrated to provide a Life-Time Value (LTV) for the selected accounts.

Applicant's attorney notes that independent claims 1, 23 and 45 have been amended above to include the limitations originally found in dependent claims 11-12, 33-34 and 55-56, respectively. The Office Action asserts that these limitations can be found in Sandretto at the following location:

> <u>Sandretto: col. 8, line 60 – col. 9, line 9</u>
> It is another object of the present invention to provide a method and apparatus for creating a portfolio by: (1) estimating an initial set of cash flows for each asset in a set of two or more assets using known or conventional methods; (2) generate additional estimated cash flows based upon different estimates for one or more economic variables; (3) adjust the original set of cash flows and each additional set of cash flows for expected inflation; (4) determine an initial input risk measure for each asset based on a risk-return type asset pricing model; (5) determine an initial discount rate for each asset using the initial input risk measure for each asset and using different economic variables that relate to each set of cash flows (for example, the risk-free rate and the market risk premium which are

typically different for each set of cash flows); (6) discount the inflation-adjusted cash flows at the discount rate to determine a present value for each set of cash flows; (7) use the present values to determine simulated returns for each asset; (8) use the simulated returns for each asset to determine at least one simulated market index return; (9) regress simulated asset returns against simulated market returns or else use division to determine an output risk measure for each asset; (10) use the resulting output risk measure for each asset to estimate a new input risk measure and; (11) repeats steps 1 through 10 (or 4 through 10 in some implementations) in an iterative process until, for each asset, the output risk measure approximates to within desired accuracy the input risk measure used to determine the most recently iterated discount rate.

Applicant's attorney respectfully disagrees.

The above portions of Sandretto do not describe performing the Net Present Value (NPV) and Future Value (FV) calculations in the same manner as recited in Applicant's claims. Indeed, the above portions of Sandretto do not refer to performing NPV calculations (namely, performing forecast calculations on the selected accounts, applying attrition rates to results of the forecast calculations, and aggregating results of the attrition rates) <u>and</u> performing FV calculations (namely performing propensity calculations on the selected accounts and applying attrition rates to results of the propensity calculations), and then integrating the results from the NPV and FV calculations to provide a Life-Time Value (LTV) for the selected accounts.

Instead, the above portions of Sandretto merely refer to a method that estimates an asset's risk and Net Present Value (NPV). Specifically, the cited portions of Sandretto generate multiple estimates of cash flow for an asset, adjust those cash flows for inflation, and discount the adjusted cash flows using different risk measures, in order to determine a present value (PV) for each cash flow. These present values are used to determine simulated returns for each asset, which are regressed against simulated market index returns to determine an output risk measure. This output risk measure is then used as an input risk measure in an iterative process, whereby the calculations are performed again, until the output risk measure approximates the input risk measure.

However, these steps performed by Sandretto are not the same steps or functions as recited in Applicant's claims. Specifically, Sandretto does not perform <u>both</u> the NPV and FV calculations and then integrate <u>both</u> the NPV and FV results as an LTV value. Instead, Sandretto only estimates an asset's risk and only calculates an NPV. Indeed, Sandretto shows no recognition of the FV and LTV concepts found in Applicant's claims.

The remaining references fail to overcome these deficiencies of Sandretto. Recall that these remaining references were cited only against other limitations of Applicant's claims, and were not cited for teaching the limitations originally found in dependent claims 11-12, 33-34 and 55-56.

Consequently, the various elements of Applicant's claimed invention together provide operational advantages over Johnson, Sulkowski, Atkins, Kuhlemeyer, Sandretto and Microsoft. In addition, Applicant's invention solves problems not recognized by Sulkowski, Atkins, Kuhlemeyer, Sandretto and Microsoft.

Thus, Applicant's attorney submits that independent claims 1, 23 and 45 are allowable over Sulkowski, Atkins, Kuhlemeyer, Sandretto and Microsoft. Further, dependent claims 2-10, 13-22, 24-32, 35-44, 46-54 and 57-66 are submitted to be allowable over Sulkowski, Atkins, Kuhlemeyer, Sandretto and Microsoft in the same manner, because they are dependent on independent claims 1, 23 and 45, respectively, and thus contain all the limitations of the independent claims. In addition, dependent claims 2-10, 13-22, 24-32, 35-44, 46-54 and 57-66 recite additional novel elements not shown by Sulkowski, Atkins, Kuhlemeyer, Sandretto and Microsoft.

IV. Conclusion

In view of the above, it is submitted that this application is now in good order for allowance and such allowance is respectfully solicited.

Should the Examiner believe minor matters still remain that can be resolved in a telephone interview, the Examiner is urged to call Applicant's undersigned attorney.

Respectfully submitted,

GATES & COOPER LLP
Attorneys for Applicant

Howard Hughes Center
6701 Center Drive West, Suite 1050
Los Angeles, California 90045
(310) 641-8797

Date: <u>October 20, 2008</u>

By: ______________________
Name: George H. Gates
Reg. No.: 33,500

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